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Section 3
Web-Based Solutions

An E-Powered Supply Chain

B2B e-commerce is driving advances in supply and demand chain management. how soon will Web-enabled supply chain execution be pervasive in the food and C arena?

By Ron Margulis

For the last few years, vendors of Internet-based solutions have been promising a b new world of user-friendly technology that makes the consumer's life easier while optimizing the supply chain.

And, to a certain degree, they have delivered on their promises. It is now easier for businesses to communicate both internally and with many trading partners, procurin certain products can be done in a more efficient manner and outsourcing functions l logistics can be accomplished more productively than prior to the Internet.

But most analysts agree the business processes that have been transferred to the Internet thus far pale in comparison to what can be made Web-enabled. Making a p visible to the entire trade channel, for instance, from the point of production to the p consumption via the Internet, is still not possible in most industries, including food a consumer packaged goods (CPG).

In addition, out-of-stocks persist in many product categories, while others seem to b perpetually overstocked.

So where do the food and CPG industries stand in terms of reaching beyond aggreç buyers and sellers on the Internet and conducting transactions to an environment w trading partners truly collaborate on planning, forecasting and replenishment and synchronize supply to the actual marketplace demand? And how is the Internet transforming business processes as they relate to the actual fulfillment of orders an the management of product return operations?

E-commerce does not replace the need to improve internal and external **supply ch** **management** (SCM) practices. Rather, e-commerce is the next step in the evolutio advanced SCM concepts. In fact, to take full advantage of B2B e-commerce's rapid adoption, companies will have to step up the implementation of collaborative plannii forecasting and replenishment (CPFR), demand **chain** synchronization, customer relationship **management** (CRM) and other SCM techniques.

"If you can't fulfill the order, then you can't look at any other strategy to be effective I your business," says Herbert Klein, industry specialist at J.D. Edwards and a 10-yea veteran of Unilever.

The primary reason for the move to put SCM on the Internet is money—plain and sin Based on a 29 percent adoption of B2B e-commerce, AMR Research estimates cos reductions of indirect procurement exceeding $82 billion (based on an 8 percent cos reduction) in 2004.

To accomplish these kinds of cost reductions requires several changes in business processes, some internal and others external. Among these processes are demand **management, supply chain** collaboration and customer relationship **management** the food and consumer packaged goods arena, efforts are underway in all of these with companies showing mostly positive results.

To start, Jeff Smith, leader of the e-commerce practice for CPG at Andersen Consu suggests that in order for e-B2B to work there must be the development of an intent value network that also includes content and community. He also points out that cor users go to the Internet to conduct business only about 10 percent of the time they (online.

The intentions value network acts to keep business users coming back to an online service or trading exchange by delivering the information and activities that help tha do his or her job better.

"The other dimension of the value-added services is solving the rest of the total bus processes problem by bringing in the logistics providers that actually enable compai ship the order," says Smith. "This can be the hardest part of conducting business o\ Internet."

Whether a participant on the Internet, that is a buyer or seller, is dealing through a t exchange or a network of affiliated buyers and sellers, there are different levels of engagement available. At the upper level are companies that have made a significa investment in demand **chain management**, customer relationship **management** an other **supply chain** execution applications and want to integrate their current syster a trading exchange to take advantage of the promise of both technologies.

At a lower level, there is a simple move to the Web-based systems of the exchange networks for both the transaction and the fulfillment. In either case, the procuremenl fulfillment systems are clearly critical to any food or consumer goods product manufacturer or distributor, Smith suggests.

Start Within The Enterprise

J.D. Edwards' Klein says that **supply chain** execution has to start with internal collaboration, and that starts with demand forecasting and the synchronization of su to actual marketplace demand. This process, termed demand **chain management,** focuses on the replenishment cycle, plus the cycle from the distribution center to the store.

"Demand **chain management** is consumer focused and driven by POS data. It bas replenishment on retail volume dynamics, creates store-specific overstock/out-of-st and requires buyers/category managers held accountable for store inventory effectiveness," explains Don Vehlhaber, president of Strategy Partners Group, Napl FL, adding that the Internet is the natural conduit for this data.

Web-enabled applications that extend a company's ability to conduct demand chair management activities like store-level forecasting, automated replenishment, merchandise planning and category management solutions is critical to improving ﹝ chain execution and aligning supply to demand in real time.

The ability to conduct merchandise performance analysis and category managemei sales forecasting at UPC/location level and automatic replenishment; price elasticity demand analysis and promotion planning; and forecast-based merchandise plannin deliver the benefit of allowing users to quickly share critical information with other sı chain partners.

"By using Web-enabled planning, forecasting and replenishment applications, the w of information users have at their disposal to maximize sales, reduce inventory and improve service levels can be shared with stores or suppliers using the Internet. Thi opens a number of opportunities," says Doug Cook, CEO of SDG Software, Markha Ontario.

"For example, store managers now have the capability to influence replenishment strategies by reviewing head office forecasts and purchase orders and change therr factor in local conditions.

"More significantly, by Web-enabling planning systems, companies can create a completely decentralized and dynamic merchandise planning application," says Coc "This will allow store managers and head office assortment planners to develop merchandise plans faster and with a higher level of accuracy."

In addition to allowing retailers to share critical inventory, forecast and replenishmer information throughout their store organization they are also able to share that infori with supply chain partners.

"Suppliers can have immediate access to product performance, inventory, and sale﹛ forecast information at the store level allowing them to optimize the entire supply cl through the development of joint retailer-supplier inventory management and replenishment strategies," says Mardie Noble, chief technology officer, SDG Softwa

"This functionality allows every partner in the supply chain to run their organization most efficient manner, which results in increasing customer satisfaction and corporʑ profitability."

Web-enabled supply chain synchronization applications allow companies to levera their investment in existing applications to solve specific supply chain problems. Oı trading partners are connected externally and are collaborating, the ultimate custom receive the benefits of reduced out-of-stocks and lower prices.

In addition, the trading channel itself benefits from lower costs and improved cash tʊ cycles.

"The Internet is giving us greater visibility to see what's available in the marketplace it is giving us greater velocity and traceability," says Karin Bursa, vice president of marketing at Logility. "This is speeding up the process and helping managers make decisions."

Move To CPFR
As business processes gain speed, the need for collaboration increases, and the importance of initiatives like Collaborative Planning, Forecasting and Replenishmen (CPFR) increases, according to analysts.

The CPFR initiative underway between trading partners in the food and CPG businɛ quickly becoming the industry standard for B2B supply chain collaboration, and CF via the Internet shows a tremendous opportunity for generating value because it allɕ real-time communication and knowledge transfer.

Early adopters of CPFR concepts are already reaping benefits like increased reveni customer service, inventory and forecast error reduction and lower transportation cc CPFR, which enables trading partners to actively share business intelligence and m exceptions to their plans, results in better forecasts and synchronized supply chain plans.

In addition, retailers and manufacturers can use collaborative best practices to deve synergistic value chain relationships that promote increased sales, optimal inventor and reduced costs.

A recently released comprehensive study of CPFR practices by Industry Directions . Syncra Systems revealed that a majority of companies surveyed are planning to or I begun to deploy CPFR activities, and those activities are enabling them to streamlin supply chains, increase sales and improve service levels.

The CPFR study surveyed manufacturers, retailers, distributors and logistics provide across a broad range of industries, including the consumer goods sector. The objec was to qualify how companies are deploying CPFR practices, what results they are achieving and where the need for further CPFR education is greatest.

The survey showed that more than 68 percent of respondents are researching, undergoing pilots, or preparing to roll out CPFR practices, and about 25 percent hav CPFR pilot underway or plan to begin a pilot in the next six months. Also, half of respondents whose forecast accuracy is more than 90 percent predict that CPFR wi improve their trading partners' forecasts by at least 20 percent.

"A stockout is an invitation to buy the competition's products. It's a double hit. On th other hand, you don't want too much inventory so you have to deliver a balance. Th what CPFR promised and is now delivering," states Jeff Stamen, CEO, Syncra Soft

Backing the survey's findings with hard facts are the results from the CPFR pilot pro To date, these trials have yielded an 80 percent increase in business with a CPFR p in one case, more than $9 million in increased sales in a second case and simultan growth and inventory reductions of at least 10 percent in a third case. Other pilots delivered improved fill rates with less inventory for the trading partners and a 100 pe service level with almost 40 inventory turns a year.

"What's most important is that these results are replicable period after period and n one time boosts," adds Stamen.

CRM Allows Constant Connectivity

Effective logistics solutions are based on addressing specific customer needs. And customer relationship management (CRM) is a critical success factor, ensuring 10C percent customer satisfaction, loyalty and retention. CRM helps to deliver the flexibil convenience and choice customers and consumers alike demand.

These shoppers and retailers presume that consumer goods companies support all communication channels, including face-to-face interaction directly or through a sale marketing agent, the telephone or the Internet, and they want more personalized se that is immediately available 24 hours per day, seven days per week.

Most importantly, they expect customer-focused organizations to have one comprehensive view of all of their interactions.

To meet these requirements, consumer goods organizations must deploy a Web-ba customer-centric e-business strategy across all functions from planning to executior Armed with technology solutions, organizations will deliver superior service to custo brokers and consumers.

"CRM is in a position to enable business process improvement for the entire value c in food and CPG, because we are in the middle transferring information between the manufacturer and the retailer or distributor. There has been a lack of integration in t area of supply chain management on the Internet, and CRM can pull that together

explains Bill Kester, general manager of the consumer goods practice at Siebel Sys

"CRM gives a central repositioning for the company so everyone is working off the s database for plans and programs. As you go out of the company, products like Sieb eChannel allow the exposure of their plans over the Internet to trading partners. Thi: allows for more collaboration."

CRM products like Siebel's eConsumer Goods offer a comprehensive e-business s that empowers consumer goods manufacturers, wholesalers and retailers to succes manage, coordinate and synchronize all end-consumer and customer interactions a all touchpoints and through the entire relationship life cycle.

They offer customers the most comprehensive
e-business applications that span the entire demand chain from the end-consumer through the retailer and the wholesaler to the manufacturer.

The most effective CRM systems enable organizations to analyze past activities to i new marketing and sales opportunities, segment and target potential consumers an customers with personalized campaigns, improve trade fund and trade promotion effectiveness, and reduce the amount and number of outstanding and unresolved deductions.

The systems will also help establish a competitive advantage at the store level throu targeted retail execution, enable collaborative planning between and with customers brokers/distributors and provide Internet-enabled sales and self-service to consume customers.

More than $500 million worth of e-commerce transactions are routinely conducted t and all of those goods and services have to be fulfilled somehow. Clearly, no compa can afford to miss out on this much potential business.

And, these companies are going to have to implement the proper technology and processes to benefit from B2B e-commerce. Because, as analysts at AMR Researc fond of saying, "By 2004, conducting business via the Internet will be as routine as making a telephone call."

Case Study.
Logistics Exchanges Show Impact
Nearly all of the 2,000 plus e-commerce exchanges currently up and running or plar ultimately require a physical process to deliver the good or service sold to the buyer exceptions being the conveyance of data and software.

Where there is a product or service that is not based on a series of zeros and ones, someone or something is going to have to manage the delivery process. This is the transportation and logistics exchanges are looking to capture.

Transportation and logistics exchanges are trying to address the potential for cost s: promised by e-commerce, which evaporates during the delivery process. The excha are helping to transform the logistics process so companies can efficiently and cost effectively utilize e-commerce solutions.

Collaborative Internet-based solutions like Nistevo.com and nPassage provide the information needed to reduce the cost of sourcing logistics services while enabling t forward transportation **management** and channel purchases to contracted suppliers

They allow for the entire procurement, service and delivery cycle to be managed fro single site in which shippers can shop for service, carriers or third-party providers ca commit capacity and all participants can track and manage fulfillment.

Nistevo, Eden Prairie, MN, has developed the Nistevo.com network, a Web-hosted application in which **supply chain** partners create private, semi-private and public exchanges to manage and procure transportation and logistics services.

"Nistevo.com allows shippers to come to the network and configure themselves with contracted carrier base and manage those carrier relationships online," says Kevin I president and CEO.

Nistevo recently developed an exchange in the network for General Mills, Pillsbury, O'Lakes and Fort James. General Mills uses a dedicated fleet of carriers as well as independent carriers and previously matched its freight to those carriers through a r process.

Nistevo's software streamlined that process by moving it online, along with contracti invoicing and other administrative transactions.

"Before we showed up, these companies were already trying to share backhauls wit each of the other players in the alliance," says Lynch. "The reason the relationship i important is that these shippers aren't trying to do this with just anybody else. They ' to do this with companies that have similar service levels and velocities in their sup chain."

nPassage, an Internet-based transportation execution community for buyers and se freight services allows manufacturers, distributors and retailers to rate, optimize, communicate, book, document and track their shipment's entire journey from dock-t dock. The company delivers its solution via an Internet application service provider i model, so there are no up-front fees to join its community.

"The only initial investment customers have to make is a computer with Internet acc Once they are up and running on the system, they only pay a simple per-transactior with no complex licensing or subscription agreements," says Alan Van Boven, presi and CEO.

Van Boven says the key advantages of this system are the one-stop, comprehensiv online community for managing freight shipments; that nPassage customers can an for and track the movement of all their freight from anywhere to anywhere in the wor truckload and less-than-truckload (LTL) motor, rail, air and ocean freight and that th system is based on scalable, flexible and secure technology.

Both Nistevo and nPassage show promise because they give shippers a strong rea do business with them, namely that the services are delivering intelligence, executic community that does not currently exist at third-party logistics providers. –R.M.

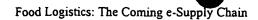**Case Study.**
Heineken Redefines Collaborative Planning
Heineken USA is a subsidiary of Heineken NV, the world's second-largest brewer. Heineken USA is the largest beer importer in the United States.

Heineken recognized the need to efficiently process sales forecasts and orders. As global company, Heineken traditionally had a long lead time in getting forecasts in a product distributed throughout the United States and the world. The objective was tc reduce the time between when an order is placed and when it is delivered from 10 t weeks to between four and six weeks.

In late 1995, Heineken decided to implement a **supply chain management** system replace the old way of dealing with distributors.

In the past, district managers would sit down with distributors to plan out orders thre months in advance. The district manager would then fax the order over to Heineken headquarters, where the order would then be transmitted to the company's brewery world headquarters in Amsterdam, the Netherlands. As a result, it took an average (to 12 weeks for a distributor to receive a shipment–unacceptable for a company lool become more flexible and adapt more quickly to market demand fluctuations.

The Internet collaboration solution eliminates order taking via telephone, hand calculations or faxing, all of which can lead to human error.

Heineken decided to implement an "extranet," a private network connecting Heineke customers and/or suppliers using Internet technology, based on Logility Voyager Solutions and, in particular, Logility's Voyager XPS. The system can also be used a: intranet, connecting salespeople to the central database.

Calling the system HOPS (Heineken Operational Planning System), Heineken can c real-time forecasting and ordering interaction with its distributors. Through Voyager Heineken can deliver customized forecasting data to distributors through individual ' pages.

"We're the first company in the beer business to do planning and forecasting on the Internet," says Dan Tearno, a vice president at White Plains, NY-based Heineken.

Distributors log on to the customized Web pages using a standard browser and Inte connection. Once they enter their ID and password, they can view their sales foreca modify their order and submit their order by pressing a button. Order submissions a available in real time at the Heineken brewery in Europe, which can, in turn, adjust r brewing and shipment schedules.

The distributors don't even need copies of the software. They only need Netscape Navigator to access the program. So the company doesn't incur the high costs of a line from the distributor to Heineken.

Voyager XPS provides a calendar so Heineken can notify distributors of events. Capitalizing on this "push paradigm," e-mail can also be tapped to send out broadc problems, new products, or newsletters. Other benefits of online collaborative plann are lower procurement costs, smaller inventories and shorter cycle times.

The HOPS database houses information about a distributor's sales histories, invent levels and promotional calendars. "HOPS was created in just six months. We contr with Logility at the end of April 1996 and were live by October," says Heineken's dir of operational planning, Andy Thomas.

Using an Oracle database, the Logility Demand Planning module creates a demand forecast for each Heineken distributor. Logility's Voyager XPS solution enables the planning/replenishment system to function on Heineken's website. The distributor n only a PC, a modem, Internet connectivity and a standard Web browser to participa

The distributor logs on to the Heineken website, enters a password and views the Heineken forecast for the distributor's territory. For security, the extranet uses both passwords and encryption. The distributor has the option of approving or modifying forecast online.

This approved or modified forecast is immediately forwarded to Logility's Replenishr Planning module, which calculates the distributor's inventory needs by comparing a to the newly forecast inventory levels.

The replenishment plan is then transmitted to the distributor, who is still logged on t website. Once the distributor approves the replenishment plan, the system creates i electronic purchase order and the order cycle begins.

Heineken USA's new collaborative planning has reduced order cycle times from thre months to four weeks, cut inventory overall by 40 percent and simplified planning fo distributor customers.

"Because we have reduced lead time, we can produce the beer closer to the time w we will need to deliver it, so the customer will get fresher beer," says Thomas. The r are reduced inventory levels and fresher product to consumers. "We anticipated pa within half a year, and we got it," says Thomas. The system has been rolled out to a Heineken distributors. –R.M.

Case Study.

Data Synchronization Enables SBT For Andronico's, Dreyer's

Mike Corby, the director of distribution and development for Oakland, CA-based Dre Grand Ice Cream faced two major hurdles when his firm first started experimenting scan-based trading (SBT) in 1993.

In a scan-based trading system, products delivered directly to retail outlets are not p by the retailer until they are checked cut of the store by the consumer. The scan-ba consumer purchase is, therefore, used to record sales simultaneously to both the s and retailer.

The first of the hurdles Corby faced was to convince top management at his compa that scan-based trading was a winning proposition: "If you can imagine the very first came back to our senior management and proposed the idea that we could have a much as $5,000 worth of inventory at a particular store location and that nobody ha signed for the product and that we would not get paid until they actually sold the ice cream. That takes a lot of trust!"

The second hurdle was achieving a critical mass of retailers willing to participate in scan-based trading environment: "The real benefit of doing scan-based trading for e side is achieving a critical mass of participants. The big benefit that we see for us a organization is to keep those trucks rolling as much as possible. So, if I only roll out based trading to one or two small customers, there are not enough stores for me to any significant route re-engineering."

In the years since Dreyer's first experimented with scan-based trading, Corby has b able to soundly overcome the first of the two hurdles. He sees the savings from sca based trading as falling into three "buckets" of opportunities. "First, is the fact that w have our ice cream trucks operating 24 hours, seven days per week. We obviously better utilization of assets, [and] the traditional check-in process at the back door is eliminated. So there are time savings of as much as 30 minutes per delivery.

"Second, is the ability to grow the top line. That is to say, my ability to get the right p at the right place and the right time goes up. So, in terms of knowing exactly what th consumers are taking off the shelf and at what rate, it allows us to see trends that w wouldn't have seen if we were strictly looking at delivery data.

"Third, is the ability to synchronize data. If the data that is sent to you by the retailer incorrect, it can be responsible for an overwhelming number of errors. We have see costs from $20 to $80 an invoice to fix errors. So if we can achieve data synchroniz and get the error rate to near zero, there is a tremendous amount of cost savings th occur as well."

Achieving data synchronization, however, has proved to be a major stumbling block overcoming Dreyer's second hurdle, recruiting a critical mass of participants to a sc based trading environment.

"The main issue with scan-based trading is that the partners can't synchronize the information," according to Robert Noe, executive vice president of viaLink, the Dalla based provider of online catalogs and other services. "Almost everybody has their o item identifier and their own SKU number. So if the companies can't synchronize the data, all they're doing is correcting things, fixing data problems, and not doing really efficient trading. The information has to be extremely precise and accurate in order e-settlement at point of sale to the satisfaction of both retailer and supplier, but espe for the supplier because they still own the product."

Synchronizing data doesn't only refer to product information, according to Noe but a price, deals and promotional information. "It's really all three of those things that is required to make an effective transaction between two trading partners," he says.

It is largely due to the Web-based data synchronization capability offered by viaLink Andronico's, a 10-store chain of upscale food stores in the San Francisco Bay area able to establish a scan-based trading system with Dreyer's.

Mike Miller, the director of information systems for Andronico's, explains that the ret

had to achieve the synchronization of internal data, before considering a scan-base trading environment: "We're a bit unusual in that 50 percent of our sales come from store delivery (DSD) manufacturers. Although we had a dire need to implement an electronic DSD system to control this enormous population of DSD vendors, our pa; based legacy process proved to be a barrier."

Typical of many retailers, Andronico's has traditionally populated multiple databases for various purposes, which oftentimes were out of sync. According to Miller, "We ra databases in our legacy process, our scan host database and our wholesaler's 'boo database. To support the 'book' database, which provided outsource shelf-tag and authorized price book services, our key data elements were entered into a Telxon d and transmitted to our wholesaler. The only elements that we entered into our scan/ host database were the product description, the retail price and cash register param

"We saw a clear need to convert to an electronic process," Miller says. "We had insufficient data in our database to support electronic DSD, our wholesaler's 'book' \ frequently out of sync with our scan file, our gross margin reports were based on ou wholesaler's shipping reports rather than our actual scan movement and our data-ei labor costs were skyrocketing.

"Our mantra in the conversion to the electronic process is to enter data once and us many times." Miller said. "We had the desire to implement EDI relationships with vei but didn't have the resources. When our wholesaler mentioned their growing relatior with viaLink, the Internet-based item catalog service that conforms to the EDI stand: volunteered to be the guinea pig."

Miller has been impressed with the results. "The value of viaLink is the ability to utili: information that the vendor has already entered into its computer. We receive new r and promotional offers from our vendors through viaLink and, upon offer acceptanc download the file into our host system."

Once Andronico's established its relationship with viaLink, Miller was introduced to t concept of scan-based trading.

"I loved the idea and received enthusiastic support from our executive team," says N "Because of the power of the viaLink synchronization, we actually have implemente scan-based trading before DSD. Electronically synchronized SBT has more benefits DSD with a fraction of the cost. We've achieved the typical DSD benefits such as elimination of unauthorized items and not-on-files, cost and promotion discrepancie: elimination of paper invoices. The additional SBT benefits include reduction of back stock, store receiving labor, invoice reconciliation and inventory carrying costs, as w increased sales."

Andronico's is so enthused about the benefits of scan-based trading that it is activel campaigning to sign up as many suppliers and retailers as it can: "We are aggressi\ promoting the concept to our fellow retailers, even competitors. We want to attain a mass of retailers to entice a critical mass of suppliers. We will continue to enhance efficiency and profitability with each new participating vendor. We're somewhat of evangelists in spreading the word and ultimately finding sufficient vendors to enjoy t benefits of a critical mass."

With advocates like Andronico's and Dreyer's signed on to scan-based trading, can critical mass be far behind?
—Martin Dresner, *University of Maryland*

Case Study.
Applebee's Looks For Greater Control Of Information

Although Burton M. "Skip" Sack no longer owns and operates a string of Applebee's restaurants, as an Applebee's board member he still takes a keen interest in the restaurant chain. Much has changed over the years in the way Applebee's and oth restaurant operators run their businesses, according to Sack.

"You know, I go back to the days when you received a call on a certain day, like 10

I ou know, I go back to the days when you received a call on a certain day, like 10 every Monday, Wednesday and Friday, and you would go down the items on the distributor's list and he would check off what you ordered. And I remember the time: you got more progressive and you would fax in the order. Now, we're in the process ordering products over the Internet."

Sack is a strong advocate of Internet-based technologies designed to help **restaura** operators manage their businesses. Applebee's is a user of Tibersoft, a software developer and applications service provider that facilitates order entry by providing r time pricing, inventory availability and fulfillment visibility through an Internet interfac

With the Tibersoft applications, Applebee's believes it can flag prices that seem out line, Sack says.

"One of the problems that operators have is making sure that manufacturers and distributors give them their negotiated price. For example, if the operator gets potatc 32 cents per pound, F.O.B. Idaho, it's hard for them to make sure that every distribu honoring that price.

"What further complicates matters is that shipping costs have to be added to the pri Now we have a base price plus a mark-up for shipping, plus a mark-up on that marl because a distributor is paid 8 or 9 percent above cost and also adds the mark-up to freight cost. When an operator gets his bill along with his shipment, on the invoice n 200 to 300 different items from the distributor."

Sack says it's almost impossible to go through all the items to make sure the operat getting the negotiated price. Right now, an Applebee's associate in its accounting ol spot checks the bills from various franchisees and company operations. But it woulc full-time job for tens of people to check every item, Sack says.

"The idea is to have the program flag prices that vary more than 2 or 3 percent from agreed price."

Sack believes the technology also has the ability to allow **restaurant** chains to keep of rebates. "Suppose the company has 280 restaurants. If those restaurants are in ´ 15 different markets, we might be dealing with eight or 10 different distribution cente maybe three or four different distributors. If we can get a rebate of 50 cents a case c ketchup, we have to start pulling together all the information on the purchases from distribution centers and basically from all of our restaurants to find out how many ca ketchup we ordered last quarter."

Perhaps, most importantly, Internet programs, can help **chain** operations, such as Applebee's, do a better job at tracking inventory. Sack cites an example of the **resta chain** introducing a promotional item: "Let's say Applebee's comes up with a Tequil: Marinated Chicken as a promotional item. We estimate that we are going to go thro 30,000 units during a four-week promotion. But 10 days before the promotion is goir end, we have a hard time trying to get a handle on how much product is in the pipeli

"People in our purchasing department have to start calling our franchisees to see hc much inventory they have in their stores. Then we have to call all of our distributors how much inventory they have in their distribution centers. We need to make a determination as to whether or not we want the manufacturer to ramp up and make more product because we might have underestimated demand. Or we might find the product didn't sell as well as we thought it was going to sell and we have too much product on hand," Sack adds.

One potential glitch along the information highway is who will control the informatior systems. Another potential problem is how will multiple information systems tie toge

Tibersoft is currently focusing on selling its product to foodservice distributors. (Sysc its largest customer.) What happens if Sysco ties all of its distribution centers togett with one system while a large **restaurant chain**, such as Applebee's or Chili's buys competitive product?

As Sack puts it: "To me, it's the marketing analogy of something being pushed throu distribution channels or pulled through the distribution channels. With selling the distributors, you are pushing it through to the retailers, whereas selling the retailer is pulling it through the distributors. If Friday's decides to go with Program X, they'll wa their distributors to go with Program X. But if Sysco goes with Program Y, they're go want their retailers to go with Program Y. So it all comes down to who has the best program for the least amount of money."
–Martin Dresner

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